

Senate Engrossed

State of Arizona
Senate
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 139

SENATE BILL 1200

AN ACT

AMENDING SECTION 15-382, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-382, Arizona Revised Statutes, is amended to
3 read:

4 15-382. Authorization to self-insure; pooling agreements; joint
5 agreements; trustees; liability coverage and pool
6 requirements; remedies; definition

7 A. The school district governing board may determine that
8 self-insurance is necessary or desirable in the best interest of the district
9 and may provide for a self-insurance program or programs for the district
10 including risk management consultation. Any risk management consultant or
11 insurance administrator employed by a school district governing board must
12 be licensed under title 20, chapter 2, article 3 or 9, and such license shall
13 be verified by the school district governing board prior to employment.

14 B. The school district governing board may:

15 1. Enter into intergovernmental agreements or contracts pursuant to
16 section 11-952.01 for participation in programs offered by public agency
17 pools. These programs may include the joint purchasing of health benefits
18 plan insurance or the joint providing of the health and medical services
19 enumerated in section 36-2907.

20 2. Separately contract with a trustee or board of trustees which
21 provides a common self-insurance program or programs with pooled funds and
22 risks to more than one district OR AN ASSOCIATION OF SCHOOL DISTRICTS WITHIN
23 THIS STATE THAT IS FUNDED BY MEMBER SCHOOL DISTRICTS PURSUANT TO SECTION
24 15-342, PARAGRAPH 8.

25 3. Enter into cooperative procurement agreements with other districts
26 pursuant to rules adopted pursuant to section 15-213 to participate in
27 programs for either self-insurance or the joint purchase of insurance.

28 4. Separately establish a self-insurance program solely for its
29 district.

30 C. If the school district governing board, EITHER ALONE OR IN
31 COMBINATION WITH ANOTHER SCHOOL DISTRICT OR AN ASSOCIATION OF SCHOOL
32 DISTRICTS IN THIS STATE THAT IS FUNDED BY MEMBER SCHOOL DISTRICTS PURSUANT
33 TO SECTION 15-342, PARAGRAPH 8, establishes a self-insurance program, the
34 GOVERNING board OR AN ASSOCIATION OF SCHOOL DISTRICTS shall place all funds
35 into a trust to be used for payment of uninsured losses, claims, defense
36 costs, COSTS OF TRAINING DESIGNED TO REDUCE LOSSES AND CLAIMS, THE COST OF
37 RELATED EMPLOYEE BENEFITS INCLUDING WELLNESS PROGRAMS, LIFE, DISABILITY AND
38 OTHER FULLY AND PARTIALLY INSURED GROUP INSURANCE PLANS, PROGRAMS THAT ALLOW
39 FOR PARTICIPATION IN A CAFETERIA PLAN THAT MEETS THE REQUIREMENTS OF THE
40 UNITED STATES INTERNAL REVENUE CODE OF 1986, COSTS OF ADMINISTRATION and
41 other related expenses. If a member of the governing board or employee of
42 the school district is acting as a trustee, the trust shall be administered
43 by at least five joint trustees, of whom no more than one may be a member of
44 the governing board and no more than one may be an employee of the school
45 district. Funds budgeted for self-insurance programs shall be subject to

1 district budgetary requirements, including but not limited to the
2 requirements that the funds be budgeted within the maintenance and operation
3 section and the budget limitation on increases as prescribed in section
4 15-905. The funds, upon being placed in the trust, shall not lapse at the
5 close of the fiscal year, except that any cash balance remaining after
6 termination of the program and settlement of all outstanding claims shall be
7 used for reduction of school district taxes for the budget year. The
8 trustees of the trust must be bonded, a stop-loss provision must be
9 incorporated in the trust agreement, and an annual audit must be performed
10 by a certified public accountant and a copy of the report kept on file in the
11 district office for a period of not less than five years.

12 D. If the self-insurance is for liability losses, excess liability
13 coverage must be obtained as follows:

14 1. For a single school district, the coverage may include an annual
15 aggregate limit of no more than three million dollars and the maximum
16 retention per occurrence shall be one-half of one per cent of the district's
17 maintenance and operation budget.

18 2. For a pool, the coverage may include an annual aggregate limit set
19 by the pool and the maximum retention per occurrence shall not exceed
20 one-half of one per cent of the combined maintenance and operation budgets
21 of the districts in the pool.

22 E. "Self-insurance program" as used in this section means programs
23 established and wholly or partially funded by the school district governing
24 board. Self-insurance programs shall not include a decision by the governing
25 board not to carry insurance upon a particular risk or risks.

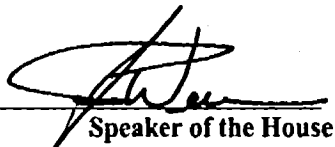
APPROVED BY THE GOVERNOR APRIL 17, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2001.

Passed the House April 10, 2001,

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

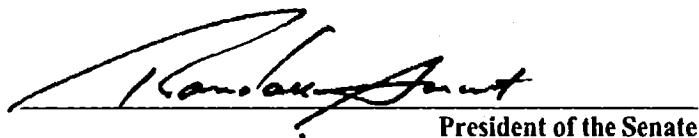

Speaker of the House

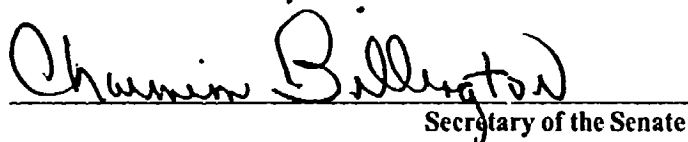

Chief Clerk of the House

Passed the Senate February 19, 2001,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting


President of the Senate

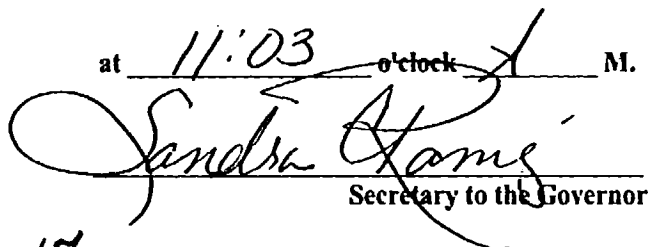

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

11 day of April, 2003.

at 11:03 o'clock A M.


Secretary to the Governor

Approved this 17 day of

April, 2001,

at 10:37 o'clock A M.


Governor of Arizona

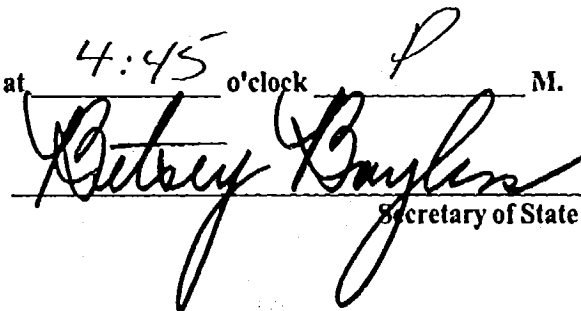
S.B. 1200

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 17 day of April, 2001,

at 4:45 o'clock P M.


Secretary of State